

Message Text

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47

ACTION ARA-10

INFO OCT-01 ISO-00 COME-00 SP-02 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 FEAE-00

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TAGS: BEXP, BTIO, ENRG, ETRN, ECRE, UY

SUBJ: URUGUAY TAPS PRIVATE FINANCING

REF: 75 MONTEVIDEO 905. MONTEVIDEO A-031 OF MARCH 22, 1975

1. THE GOU IS SENDING A DELEGATION THIS WEEK TO LONDON FOR THE SIGNING OF A \$26.5 MILLION LOAN, TO BE USED FOR THE CONSTRUCTION OF A PETROLEUM BUOY AND PIPELINE PROJECT HERE. THE PROJECT, DESCRIBED IN THE REFERENCED COMMUNICATIONS, WILL SAVE ON IMPORT COSTS BY PERMITTING URUGUAY TO RECEIVE CRUDE OIL IN TANKERS OF UP TO 150,000 TONS. WITH THE TOTAL COST ESTIMATED AT ABOUT \$46 MILLION, THE PROJECT HAS ALREADY RECEIVED A \$10 MILLION IDB LOAN AND THE REMAINDER WILL BE LOCAL COSTS.

2. THE TERMS OF THE \$26.5 MILLION LOAN WILL BE 2 3/8 PERCENT OVER LABOR, ADJUSTABLE SEMI-ANNUALLY, AND REPAYMENTS OVER SIX YEARS. FUNDS WILL BE PROVIDED BY A CONSORTIUM HEADED BY FNCB THROUGH CITICORP INTERNATIONAL. PARTICIPATING WILL BE BANCA FRANCAISE ET ITALIENNE POUR L'AMERIQUE DU SUD, AND BANQUE DE L'UNION EUROPEENNE. THE LOAN WILL BE TO THE GOU'S PETROLEUM MONOPOLY, ANCAP, WITH THE GUARANTEE OF THE CENTRAL BANK. NO OTHER GUARANTEE OR COLLATERAL IS BEING REQUIRED.

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3. THE FINANCING OF THIS PROJECT IS AN IMPORTANT STEP AHEAD FOR

URUGUAY. THIS IS THE FIRST TIME IN MANY YEARS THAT GOU HAS BEEN ABLE TO TAP PRIVATE INTERNATIONAL FINANCIAL MARKETS FOR PROJECT FINANCING, AND IS SYMPTOMATIC OF THE COUNTRY'S IMPROVING CREDIT STANDING. GOU PLANNERS BELIEVE THE SAVINGS RESULTING FROM THE EFFICIENCY OF IMPORTING OIL IN LARGE TANKERS WILL COVER THE PROJECT COST IN ONLY A FEW YEARS.

4. FOR COMMERCE/MEPD: THE CONSORTIUM WHICH WON THE BID FOR THIS PROJECT, HEADED BY SACEEM OF URUGUAY AND LAND AND MARINE ENGINEERING LIMITED OF ENGLAND, PLANS TO USE SOME US EQUIPMENT. POTENTIAL SUPPLIERS ARE ALREADY IN CONTACT WITH THE CONTRACTORS. SIRACUSA

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Message Attributes

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